ANNUAL REPORT
1984 — 1985

Health Services Commission
of Prince Edward Island

86-06035/

Health Services Commission of Prince Edward Island

Jones Building
11 Kent Street
Charlottetown
Prince Edward Island
C1A 7P4

ANNUAL REPORT
For the Year Ending
March 31, 1985

Honourable Albert A. Fogarty
Minister of Health & Social Services
Province of Prince Edward Island
Charlottetown, P.E.I.

Honourable Minister:

In accordance with Section 8(1) of the Health Services Payment Act, I have the honour to present this report of the Health Services Commission on its operation for the year ended March 31, 1985.

Respectfully Submitted,

Lucille Hogg

MRS. LUCILLE HOGG
Chairman
Health Services Commission of
Prince Edward Island

MEMBERS

Health Services Commission

and

Executive Director

Members	Effective Date of Appointment
Mrs. Lucille Hogg, Chairman Tea Hill	November 8, 1984
Mr. Bennett Carr, Vice-Chairman West Royalty	November 20, 1980
Dr. R. D. Drysdale Charlottetown	September 10, 1983
Dr. Kent Ellis Hunter River	September 10, 1983
Mr. Jack MacNeill Murray Harbour	November 26, 1981
Mr. Claude Paynter Sherwood	November 26, 1981
Mr. Alden Weeks O'Leary	November 22, 1984

Executive Director

Mr. J. Brendon McGinn

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THE COMMISSION AND COMMITTEES

HEALTH SERVICES COMMISSION

The Health Services Commission of Prince Edward Island is responsible for performing duties assigned to it by the Lieutenant Governor-in-Council in accordance with the Health Services Payment Act and other relevant legislation.

Legislation requires the Commission to:

- operate a health services plan for residents of Prince Edward Island;
- establish a tariff of fees or other systems of payment for health services;
- consult with appropriate professional organizations before establishing or altering any tariff providing for payment in respect of basic health services provided to residents of Prince Edward Island;
- interpret tariffs and determine their application to the assessment of claims, and;
- receive and disburse all moneys pertaining to the Health Service Payment Plan.

APPEAL BOARD:

MEMBERS: Dr. L. S. Cox
Ms. Ann Gillis
Mr. Edison Raynor

The Appeal Board hears appeals from any person who is aggrieved by a decision or order of the Health Services Commission on a claim or any other matter relating to the Administration of the Plan. The decision of the Appeal Board is final.

JOINT PROFESSION-GOVERNMENT COMMITTEE FOR MONITORING OF SELECTIVE OPTED-OUT PHYSICIANS

MEMBERS: Mr. Bennett Carr
Mrs. Lucille Hogg
Dr. Edward Kassner
Mrs. Doris MacWilliams
Mr. Melvin McQuaid, Chairman
Mr. Peter Rossiter
Dr. Harold P. Stewart

This Committee was established to monitor, analyze and review the incidence of opting out and of charges being billed to patients as a result of negotiations which gave physicians the right to opt out and bill patients for selective services or a series of selective services.

MEDICAL ADVISORY COMMITTEE

MEMBERS: Dr. G. T. Cottreau, Chairman
Dr. Ivor Campbell
Dr. Brian Mann
Dr. R. Davison
Dr. D. C. Steeves

The Medical Advisory Committee is comprised of actively practicing physicians. It is responsible for making recommendations on issues and items referred to it by the Commission, including: claims for payment, cases involving a possible overservicing of a patient by a physician or overutilization of basic health services by a resident; medical requirement of services provided by a physician in a specific case; expanding or restricting the plan of basic health services; and new, novel or unusual medical practices or procedures that have been suggested for inclusion under the Plan.

NEGOTIATIONS COMMITTEE FOR MEDICAL SOCIETY NEGOTIATIONS

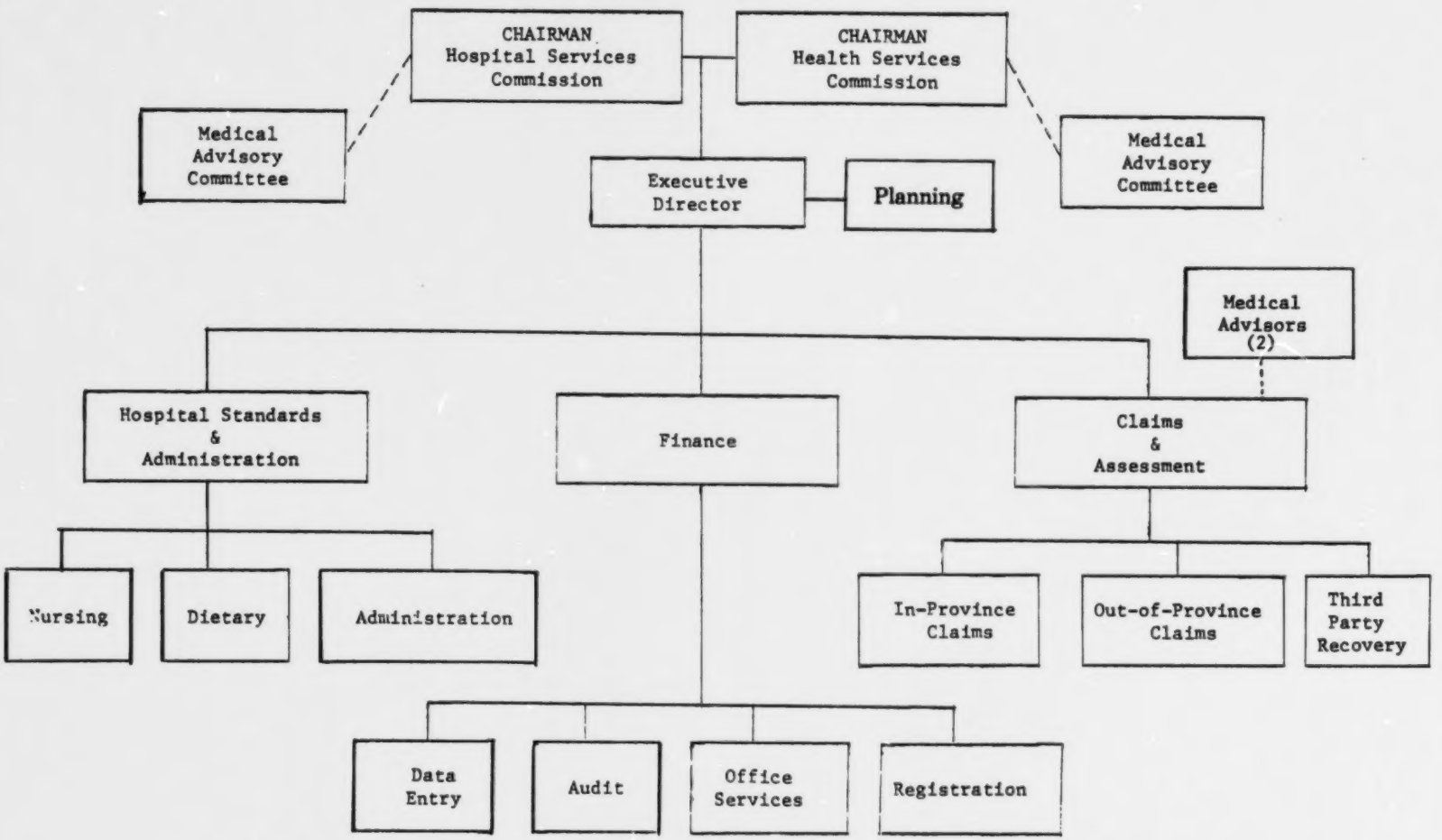
MEMBERS: Mrs. Lucille Hogg, Chairman
Bennett Carr, Vice-Chairman
Mr. John Hobbs
Mr. David MacCormac
Mr. J. Brendon McGinn

This Committee negotiates the Tariff of Fees with the Medical Society in addition to the items contained in the Preamble to the Tariff of Fees. In addition, this committee negotiates with the Dental Association.

HIGHLIGHTS — 1984-85

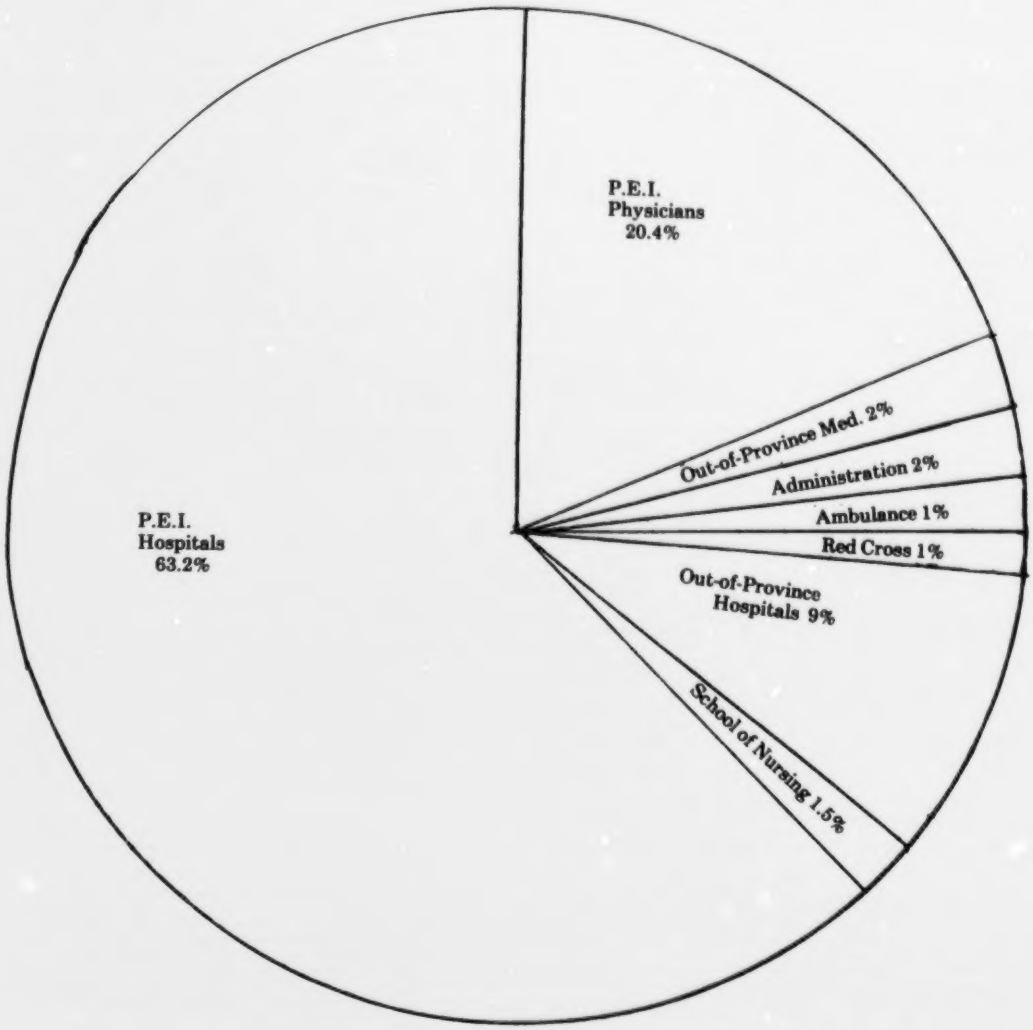
- Contract negotiated with the Prince Edward Island Medical Society, effective April 1, 1984 for one year.
- Contract negotiated with the Dental Association on the Tariff of Fees as related to Surgical-Dental Procedures.
- $16,332,518 paid to physicians in Prince Edward Island during the year.
- Number of claims received from physicians in-province showed a 9.4 per cent increase over the previous year.
- Payments to physicians out-of-province totalled $1,356,709, a 6.8 per cent increase.
- There was a total of 167 practitioners who received at least one payment from the Medicare Plan.
- A new Medical Advisor was appointed for the Health Services Commission, effective September 1984.
- The Commission accepted the Auditor General's Comprehensive Audit on its operations.
- The Commission reviewed relevant legislation and recommended necessary changes.
- The Commission proceeded with the development of the Computerized Health Information System.

HOSPITAL AND HEALTH SERVICES COMMISSIONS
ORGANIZATIONAL CHART



Distribution of Expenditures of both the
Hospital and Health Services Commissions of P.E.I.

1984-85

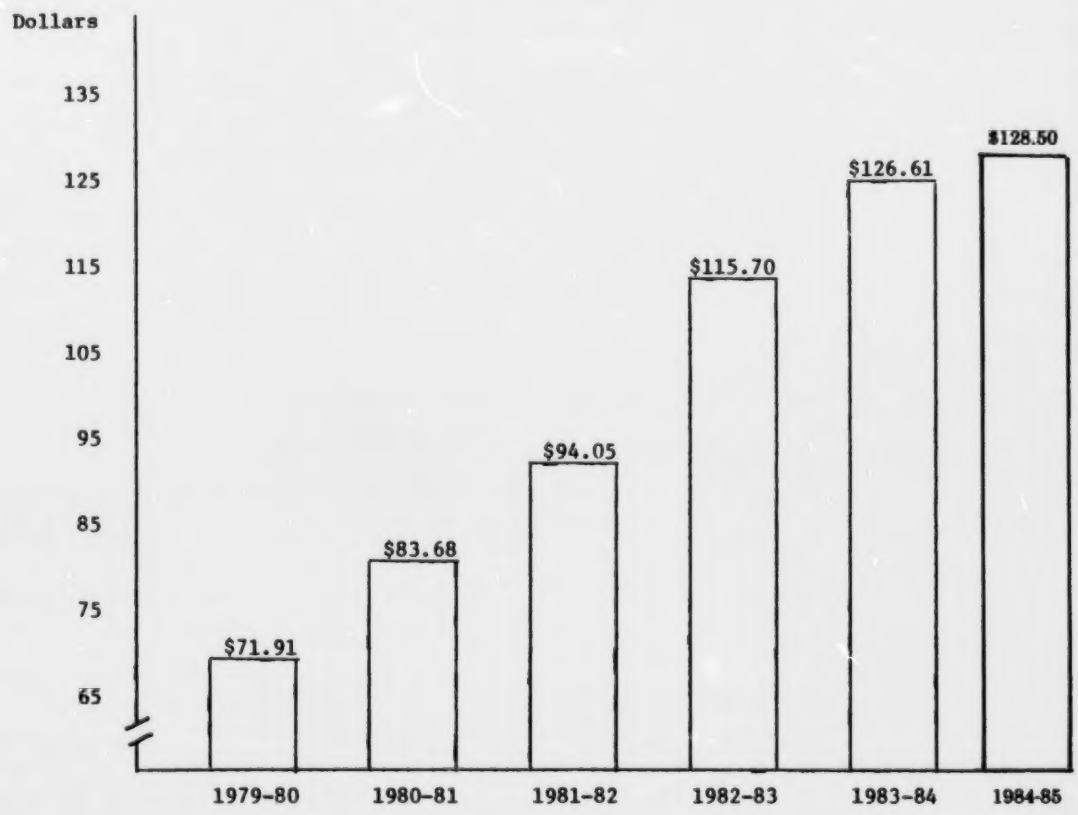


Total Expenditures = $79,902,623

INTRODUCTION

The Health Services Commission is responsible for paying claims submitted by physicians at rates established under the Tariff of Fees. Under the Tariff of Fees, rates are established for each type of treatment or procedure performed by a physician on behalf of a resident of Prince Edward Island. Increases in payments to physicians can therefore result from four factors: an increase in the number of doctors, an increase in the number of times insured residents of Prince Edward Island visit doctors, an increase in the rates paid under the Tariff of Fees, and/or an increase in the number of relatively more expensive treatments or procedures that are provided and performed by physicians.

Per Capita Cost of In-Province Physicians' Services
1979-80 to 1984-85



1985 Population: 127,100

BENEFITS OF THE HEALTH INSURANCE PLAN

The Plan contributes towards the cost of most medically required services rendered by the physicians including:

- visits to the patient's home, to the doctor's office or in hospital
- anaesthetic services
- surgical services
- obstetrical services, including pre-natal and post-natal visits
- certain oral surgery procedures performed by dentists where admission to hospital is required
- eye refractions performed by a physician

The following physician services are not included as benefits:

- services not related to the prevention, diagnosis or treatment of disease such as medical examinations for employment or insurance coverage, attendance at an educational institution, etc.
- group inoculations and immunizations such as those carried out in schools
- preparation of testimony reports, doctors' certificates, etc., required for administrative or legal purposes
- advice or prescriptions given over the telephone except for advice re anticoagulant therapy
- doctor's travel time, detention time required in a patient's home unless special permission is obtained from the Commission
- cosmetic surgery unless medically required
- materials or drugs used by any physician while rendering medical services
- eye glasses or lenses or other appliances such as hearing aids, artifical limbs, or other devices

Services provided by chiropractors, audiologists, podiatrists, osteopaths, physiotherapists, optometrists, nurses or other para-medical personnel are not included in the Plan, nor are the normal services rendered by a dentist in his office.

ADMINISTRATION OF THE PLANS

The Hospital Care Insurance Plan and the Health Insurance Plan form part of the overall health services of the province.

The Hospital and Diagnostic Services Insurance Act provides the legislative authority under which residents of the province are insured against the costs of necessary hospital care and other services in aid of diagnosis.

Under the Health Services Payment Act, provision is made for payment toward the cost of basic health (medical) services for all insured residents of the province.

The cost of both Plans is funded by the Province of Prince Edward Island and the Government of Canada. There are no premiums required under either Plan, and the provincial share is provided through general revenue.

The administration of the Hospital Care Insurance Plan and the Health Insurance Plan is combined. Policy is determined separately by the two Commissions within the terms of reference of their Act.

Day to day administration of the Plans is carried out through a Division of Claims and Assessment, a Division of Standards and Administration, and a Division of Finance, each responsible to the Commission through the Executive Director. Medical care problems relating to the operation of each Plan are considered by its Medical Advisor who may seek advice from its Medical Advisory Committee of five physicians nominated by the Medical Society of Prince Edward Island and appointed by the Commission.

The Medical Advisory Committees meet on an "as required" basis and play an important role in the smooth and efficient administration of the Plans.

DESCRIPTION OF DIVISIONS

Hospital Standards and Administration Division
R. Thelma Cameron, Director

This Division has the responsibility of ensuring through the development and maintenance of reasonable standards, insofar as possible, the effective utilization of services provided by the general hospitals, the licensed ambulance operators, the licensed nursing homes operators, the School of Nursing, and the Central School of Nursing Assistants.

The Division has the following duties:

- To review and analyze the utilization trends
- to conduct such studies as it deems necessary to determine the standards are being maintained.

This is accomplished through the medium of nursing, hospital administration, and dietary consultants.

Claims and Assessment Division
John R. Hobbs, Director

The Division of Claims and Assessment is responsible for processing both physician and hospital claims through a system of claims and assessment rules to ensure that claims submitted are for insured services and are medically necessary.

There are three sections in this Division: In-Province Claims, Out-of-Province Claims, and Third Party Recovery. Their responsibilities include:

- processing all claims for services received in the province
- integrating information from both hospital and physician claims on individual patient history cards
- random audit program to determine from patients whether a service was rendered as claimed by a physician
- processing all claims incurred by residents of Prince Edward Island outside the province
- investigating cases where a third party was the cause of the illness or injury of the patient, and recovering monies where possible
- field investigations regarding eligibility status of Prince Edward Island residents.

Finance Division
David R. MacCormac, Director

The primary function of the Finance Division is to provide management with financial information for use in making policy and operating decisions. Secondarily, it acts as a service centre for hospitals and Divisional Directors on areas where financial advice is requested or required.

Responsibilities of the various sections within the Division of Finance include:

- financial management, planning and control
- financial accounting for the Commissions
- data entry for thirty two computer programs
- batching and processing claims for data control
- general office services including switchboard
- maintenance of the resident registration files
- cash and budget control
- development of internal financial, manual, and computerized systems
- internal audit functions in hospitals.

AUDITOR'S REPORT

To the Commissioners of the Health Services Commission

I have examined the balance sheet of the Health Services Commission of Prince Edward Island as at March 31, 1985 and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 27, 1985

STATEMENT 1

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

BALANCE SHEET

MARCH 31, 1985

(with comparative figures at March 31, 1984)

ASSETS

	1985	1984
CURRENT ASSETS		
Accounts Receivable		
— Province of Prince Edward island		
— Note 1(b)	$2,489,749	$2,093,255
FIXED ASSETS		
Office furnishings and equipment		
— Note 1(a)	1	1
	$2,489,750	$2,093,256

LIABILITIES

CURRENT LIABILITIES		
Bank Overdraft	$ 210,186	$ 301,620
Accounts Payable		
— Medical claims outstanding — Note 1(c)	2,222,853	1,722,096
— Hospital Services Comission	56,711	69,540
	$2,489,750	$2,093,256

(Notes 1 and 2 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: _____

COMMISSIONER: _____

STATEMENT 2

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 1985

(with comparative figures for the year ended March 31, 1984)

	Budget 1985	1985	1984
REVENUE			
Provincial Appropriation — Note 2	$18,498,400	$18,583,855	$17,654,297
Third party recoveries	—	16,061	23,999
	18,498,400	18,599,916	17,678,296
EXPENSES			
Medical claims — Province of Prince Edward Island	16,334,000	16,332,518	15,510,035
— Other Provinces	1,256,000	1,356,709	1,270,306
Administration	908,400	910,689	897,955
	18,498,400	18,599,916	17,678,296
Net result for the year	$ —	$ —	$ —

(Notes 1 and 2 are an integral part of these financial statements)

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1985

1. Summary of significant accounting policies:

   a) Depreciation —

   Fixed assets are recorded at a nominal value of one dollar; therefore, no depreciation is charged.

   b) The account receivable from the Province of Prince Edward Island is directly related to the accounts payable for medical claims and the bank account. As the liability is realized the Province transfers the necessary funds for payment.

   c) Claims outstanding are determined on the basis of actual payments after March 31 year end and on prior years' experience.

	March 31, 1985	March 31, 1984
Accounts Payable		
In-Province Physicians and Patients	$2,003,683	$1,493,710
In-Province Radiologists	55,420	47,818
In-Province Salaried Physicians	(1,250)	2,400
Out-of-Province Physicians and Patients	165,000	178,168
	$2,222,853	$1,722,096

2. Provincial Appropriation

	1985	1984
Original Appropriation	$18,498,400	$16,976,600
Additional Appropriation	85,455	677,697
Total Provincial Appropriation	$18,583,855	$17,654,297

STATISTICAL SECTION

All Physicians in the province are participating in the Heath Services Payment Plan and are paid according to an agreed Tariff of Fees.

The following charts and tables display some of the major situations and trends in health payments.

Physicians Practicing in Prince Edward Island
as of March 31, 1985

General Practitioners		74
Specialists:		
Surgeons	12	
Obstetrician & Gynecologists	6	
Internal Medicine	11	
Ear, Nose and Throat	4	
Orthopaedic Surgery	3	
Ophthalmologists	4	
Paediatricians	3	
Urology	1	
Anaesthesists	7	
Psychiatrists	5	
Other	3	
Total Specialists		59
Total Physicians		133*

*Included in this table are only those physicians who were paid $20,000 or over by the Plan.

PER CENT OF PHYSICIANS BY RANGE OF ANNUAL PAYMENT

1980-81 To 1984-85

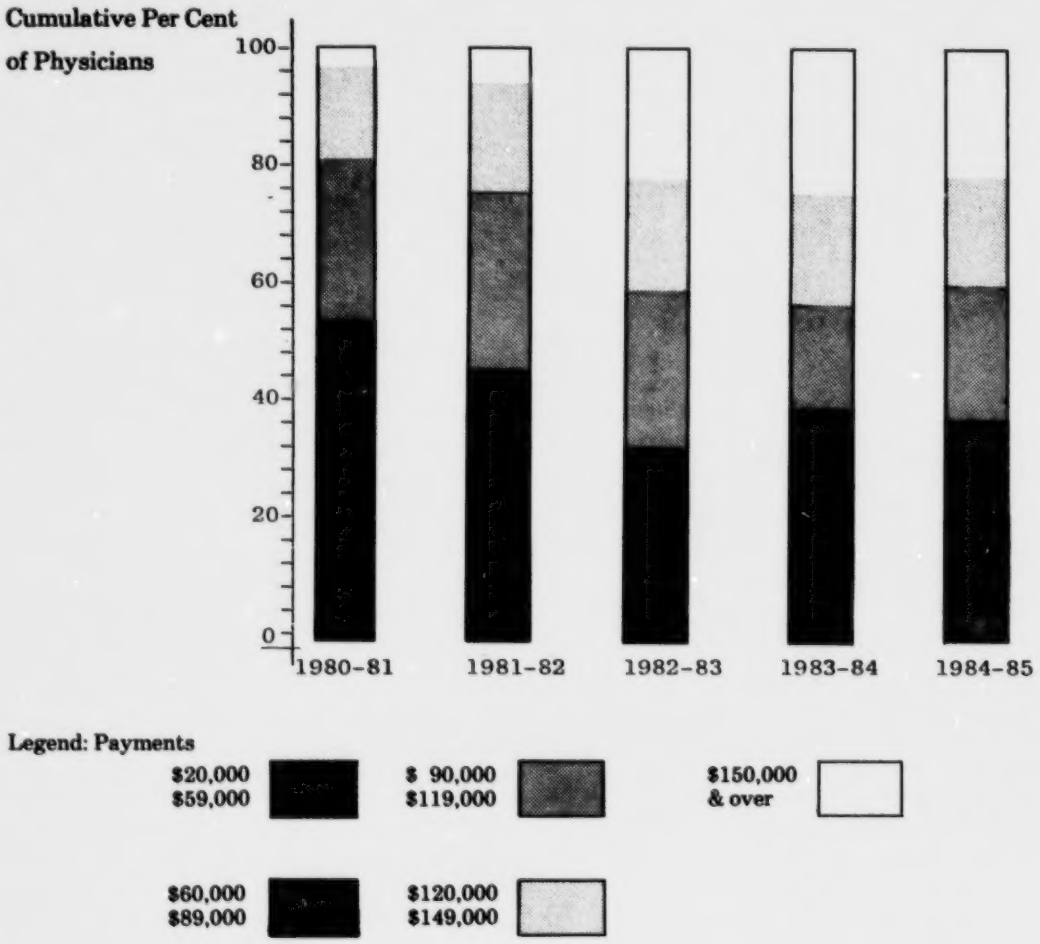


TABLE I

Fee For Service Payments

1984-85

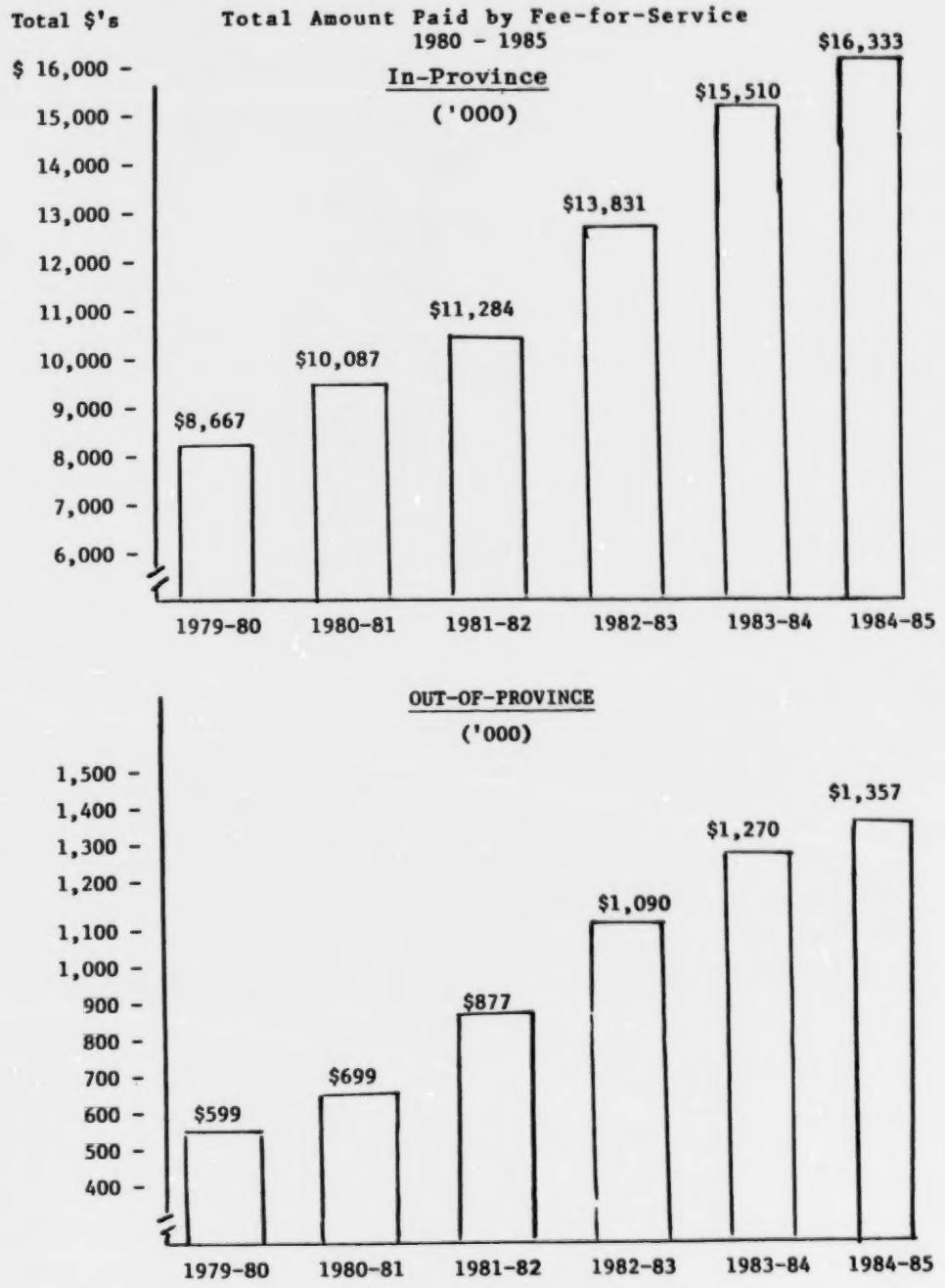
Payments	Specialists	General Practice	Total
$420,000-$429,999	1	0	1
$290,000-$299,999	1	0	1
$260,000-$269,999	1	0	1
$240,000-$249,999	1	0	1
$220,000-$299,999	1	0	1
$210,000-$219,999	2	2	4
$200,000-$209,999	1	1	2
$190,000-$199,999	3	0	3
$180,000-$189,999	2	1	3
$170,000-$179,999	2	3	5
$160,000-$169,999	2	1	3
$150,000-$159,999	2	1	3
$140,000-$149,999	6	5	11
$130,000-$139,999	4	5	9
$120,000-$129,999	4	4	8
$110,000-$119,999	2	7	9
$100,000-$109,999	3	11	14
$ 90,000-$ 99,999	0	6	6
$ 80,000-$ 89,999	3	2	5
$ 70,000-$ 79,999	2	4	6
$ 60,000-$ 69,999	2	5	7
$ 50,000-$ 59,999	2	3	5
$ 40,000-$ 49,999	2	4	6
$ 30,000-$ 39,999	4	3	7
$ 20,000-$ 29,999	6	6	12
TOTAL	59	74	133

NOTE: Designated as Specialists are those included in the list of Specialists at the Medical Council; and others known to confine their practice to a particular speciality.

CLAIMS PROCESSING RESULTS

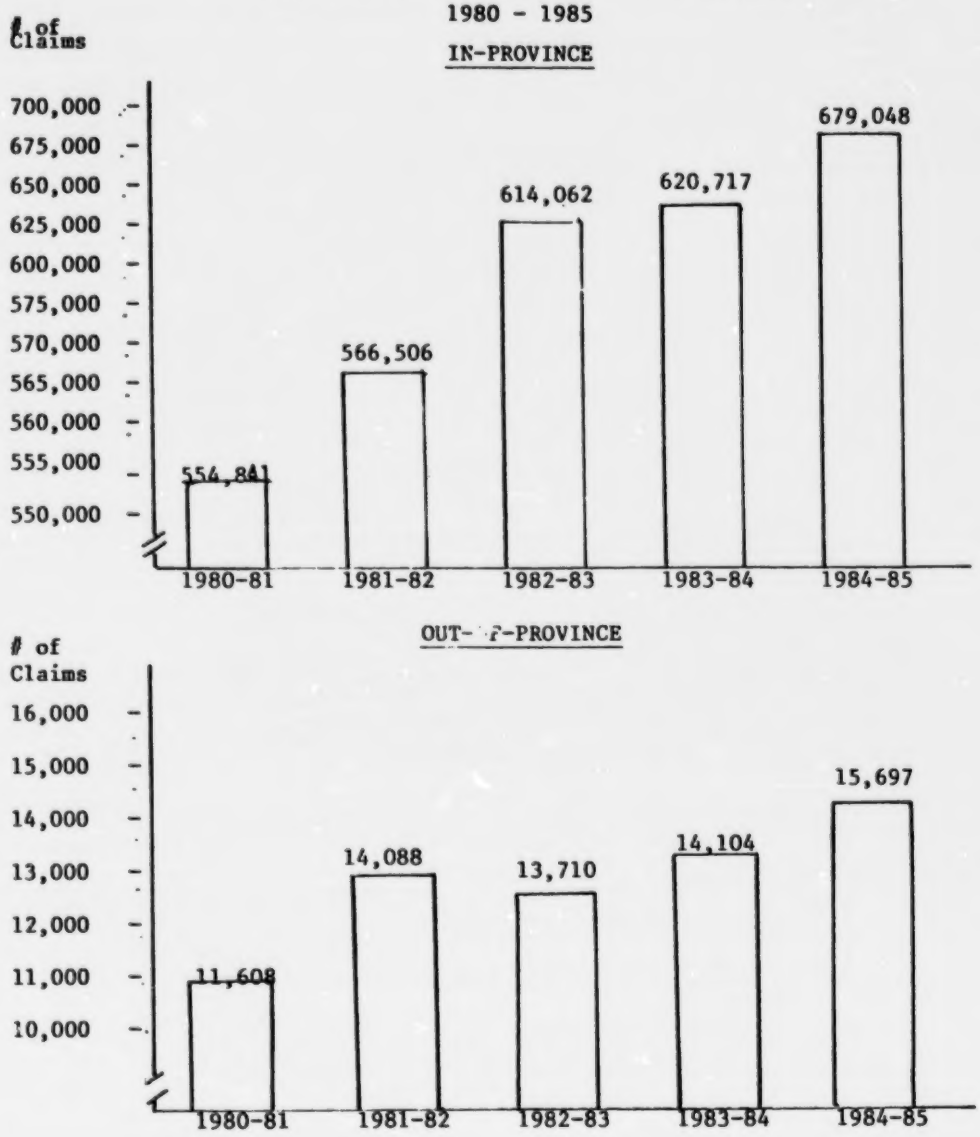
1984-85

	1983-84	1984-85
Claims (In-Province)		
Number received from Physicians	620,717	679,048
Percentage Increase over Previous Year	2.83%	9.38%
Value of Rejected Claims	$195,438	$194,921
Claims (Out-of-Province)		
Number of Claims Paid	14,104	15,697
Percentage Increase over Previous Year	8.8%	11.29%
Recoveries From Third Parties		
Files Opened	642	611
Percentage Decrease over Previous Year	34%	19.9%
Non-Payment Settlement	416	404
Non-Vehicular Accidents	22	28
Workers' Compensation Claims	6	1
Recovered	125	138
Pending at Year End	73	40
Patient Registration	4,043	5,209


Total $'s
Total Amount Paid by Fee-for-Service
1980 - 1985
In-Province
('000)
$ 16,000 -
15,000 -
14,000 -
13,000 -
12,000 -
11,000 -
10,000 -
9,000 -
8,000 -
7,000 -
6,000 -
$8,667
$10,087
$11,284
$13,831
$15,510
$16,333
1979-80
1980-81
1981-82
1982-83
1983-84
1984-85
OUT-OF-PROVINCE
('000)
1,500 -
1,400 -
1,300 -
1,200 -
1,100 -
1,000 -
900 -
800 -
700 -
600 -
500 -
400 -
$599
$699
$877
$1,090
$1,270
$1,357
1979-80
1980-81
1981-82
1982-83
1983-84
1984-85

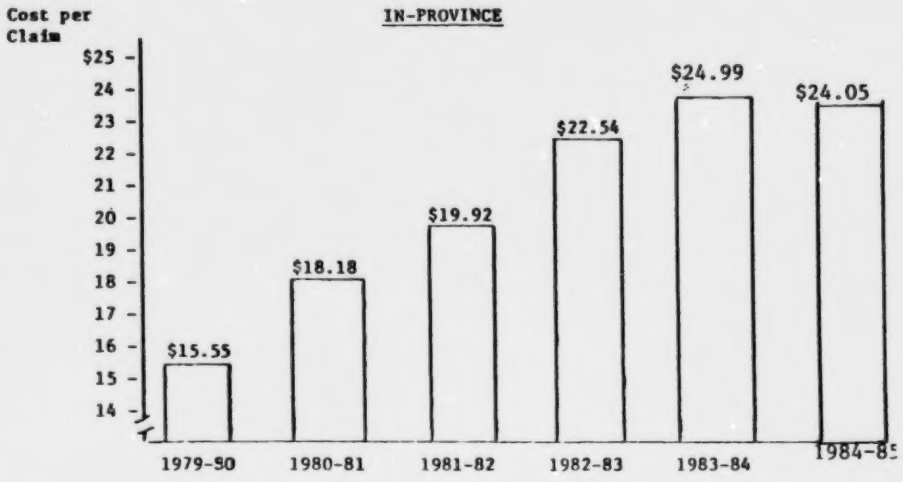
Number of Claims Paid By Fee For Service

1980 - 1985



Average Amount Paid Per Physician's Claim

1979 - 1985



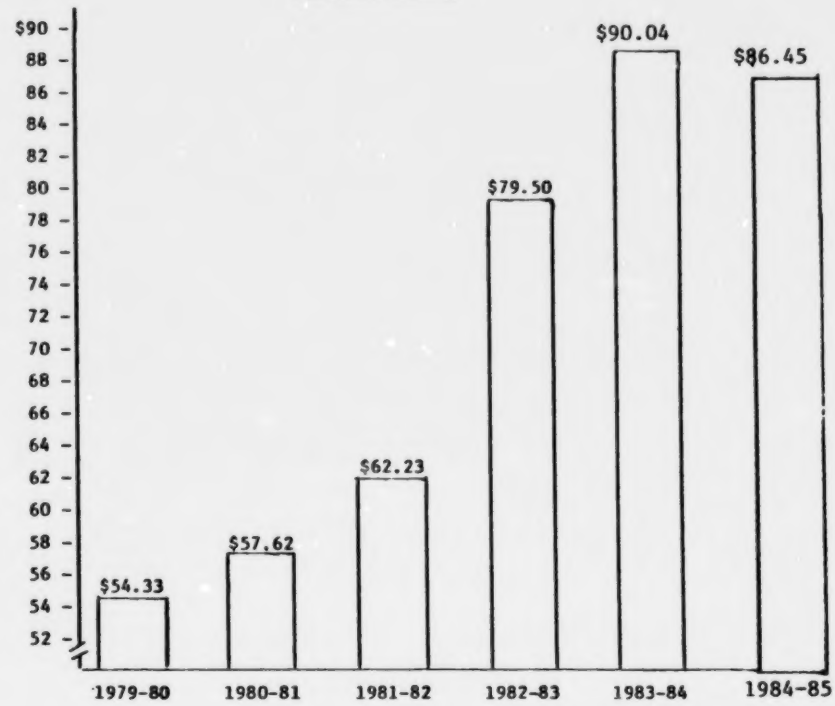


TABLE II

Claims Paid — Fee For Service: Monthly Value of Claims Incurred

1984-85

Month of Payment	IN-PROVINCE No. Claims	IN-PROVINCE Amount	IN-PROVINCE Cost Per Claim	OUT-OF-PROVINCE No. Claims	OUT-OF-PROVINCE Amount	OUT-OF-PROVINCE Cost Per Claim
1984 — April	39,665	$ 896,630	$22.61	1,153	$ 95,672	$82.97
May	46,477	1,156,339	24.88	1,730	132,191	76.41
June	64,115	1,530,834	23.88	1,221	114,003	93.37
July	40,154	958,454	23.87	957	87,451	91.38
August	41,926	1,000,907	14.28	1,118	96,600	86.40
September	70,091	1,444,191	20.60	1,036	89,188	86.08
October	51,498	1,210,421	23.50	1,720	155,610	90.47
November	50,197	1,191,857	23.74	1,522	125,920	82.73
December	55,383	1,321,178	23.86	969	84,432	89.20
1985 — January	53,476	1,299,618	24.30	1,476	136,359	92.38
February	71,660	1,564,746	21.84	1,368	138,835	101.49
March	94,406	1,627,826	17.24	1,427	114,268	80.08
Total For The Year	679,048	$15,203,001	$22.39	15,697	$1,372,529	$87.44

*Excludes Radiology Payments and Claims.